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LETTER FROM THE SEC\TED STATES

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LETTER

FROM THE

SECRETARY OF THE TREASURY

TO THE

CHAIRMAN OF THE COMMITTEE

OF

WAYS AND MEANS,

ACCOMPANYING

A BILL LAYING DUTIES ON SPIRITS DISTILLED WITHIN
THE UNITED STATES.


MARCH 31, 1814.

ORDERED TO BE PRINTED.

WASHINGTON:
A, AND G. WAY, PRINTERS.

1814.

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LETTER.

TREASURY DEPARTMENT,

MARCH 28, 1814.

SIR,

I have had the honor to receive your letter of the instant; an earlier answer to which has been prevented by the constant pressure of current business in the office.

On the subject of a deficiency of 700,000 dollars in the estimated receipts of the treasury during the present year, as stated in the annual report made from this department at the commencement of the present session of congress, and in relation to the inquiry whether those receipts will not be more considerable than was then estimated, or whether, with a view to that object, it is necessary at the present time to provide additional revenue, I have the honor to submit the following statements and remarks:

In that report the receipts during the present year were estimated as follows, viz.

1. Customs.	On account of bonds outstanding on the 1st of January, 1814,	5,500,000
	On account of duties accru- ing during the year 1814, and which will become payable during the same year,	500,000
		<hr/> 6,000,000
2. Sales of public lands,		600,000
3. Internal revenues and direct tax,		3,500,000
		<hr/> 10,100,000

Increased receipts are anticipated from some of these items on the following grounds :

The custom house duties which accrued during the year 1813, amounted to about 8,000,000 dollars. During the early part of that year the blockade of a great part of the coast of the United States by the enemy was not established, and the embargo which was laid on the 17th of December of that year, produced no effect in diminishing the duties in the custom houses. These circumstances will doubtless materially affect the duties during the year 1814; but after making a due allowance for them, it is considered safe to estimate the amount of duties which will accrue during the year at 2,700,000 dollars, or one third of the amount which accrued in 1813. A larger portion of these duties than heretofore, now arises on importations from the West Indies, on which the credit allowed by law (being three and six months) is much shorter than on importations from other parts of the world, and a larger portion of the duties, therefore, accruing during the present year will be payable before the termination of it. The amount payable for drawbacks, which, during the year 1813, was nearly one million of dollars, will, during the year 1814, be very small. The expenses of collection will also be less than during the last year. It is believed, therefore, that of the duties accruing during the present year, after paying drawbacks and expenses of collection, there may be estimated as payable into the treasury before the end of the year, one million of dollars.

From the sales of public lands, the receipts, exclusive of those for lands in the Mississippi territory, which at present are payable to the state of Georgia, may be estimated at the sum stated in the annual report, viz : six hundred thousand dollars.

Since that report was made, seven states have assumed and paid their quotas of the direct tax, under the act of the 2d of August last. The aggregate net amount of the quotas of these states is \$ 1,158,796 76.

The gross quotas of the eleven remaining states amount to \$ 1,636,709 70, of which it is estimated that one half will be collected and paid into the treasury before the end of the year 1814, making, with the quotas already paid, two millions of dollars.

All the internal duties, with the exception of the duty on refined sugar, will be more productive than was heretofore estimated. The credit allowed for the duty on licenses to distillers, will postpone the payment into the treasury of a considerable portion of that duty, accruing during the present year, beyond the end of the year. But notwithstanding this circumstance, the amount payable on account of those duties during the year, is estimated at one million eight hundred thousand dollars; of which, about seven hundred thousand dollars have already been paid into the treasury.

The revenue arising from the postage of letters, fees on letters patent, and sundry incidental receipts, including arrears of former direct tax and internal duties, may be estimated at fifty thousand dollars. The receipts on these accounts for several past years have averaged more than this sum annually.

The result of the estimate now given, is for receipts during the year 1814....

From the proceeds of the

Customs,	.	.	.	.	.	.	6,500,000
Public lands,	.	.	.	.	.	.	600,000
Direct tax,	.	.	.	.	.	2,000,000	
Internal duties,	.	.	.	.	.	1,800,000	
						<hr/>	3,800,000
Postage and incidental receipts,	.	.	.	.	.	.	50,000

Making an aggregate of . . . 10,950,000
 And being 850,000 dollars more than was estimated in the annual report from this department, of the 8th of January last. From this view of the subject, it is considered, that for the purpose alone of covering the

deficit of 700,000 dollars, stated in that report, it will not be necessary to provide additional revenue.

On the subject of changing the duties on domestic distilled spirits from the capacity of the still to the gallon, respecting which you ask such information as the treasury department can furnish, I have the honor to observe, that the only practical information this department could be supposed to possess on this subject, must be derived either from the proceedings under the former laws imposing duties on domestic distilled spirits, or from those under the present law laying duties on licenses to distillers, &c. The documents in this office, so far as it has been practicable to examine them, during the short time allowed for that purpose, furnish no information relative to the proceedings under the former laws calculated to throw light on the subject. The information derived from other sources, tend to shew that the difficulties which occurred in collecting, under those laws, the duties on the quantity of spirits distilled, were experienced principally in cases of distilleries carried on in the country, or of such as were carried on elsewhere on a small scale. In the cases of those carried on in cities, towns and villages, and particularly such as were on a large scale, the difficulties were less considerable.

By recurring to the laws passed on this subject, from 1791 to 1797, (which are sufficiently well known to the committee) it appears the option first given to country distillers and owners of stills worked elsewhere, of small capacity, to pay by the gallon, if preferred, instead of paying by the capacity of the still, was, by the act of 3d March, 1797, abolished, and the duty on the capacity of the still made absolute in those cases; from which it may be inferred the opinion then prevalent was in favor of the latter mode. A duty on the quantity of spirits distilled, if the same could, without much evasion of the law, be collected, would, it is presumed, be more productive than that.

which it might be deemed proper to impose on the capacity of the still.

How far the progress of improvement, in the country generally, or a change of circumstances in other respects, may be considered as having removed the causes of the difficulties formerly experienced in collecting the duty on the quantity of spirits distilled; or how far it would be adviseable to adopt, to a certain extent, the course formerly pursued, and impose the duty on the quantity distilled, in cases of large distilleries generally, and of all those carried on in cities, towns and villages, (except perhaps such as are on a very small scale) and on the capacity of the still, in all other cases, are questions proper for the consideration and decision of the committee. The present law laying duties on licenses to distillers, &c. has not been in operation a sufficient length of time to afford the means of forming such opinion on the subject as ought to be relied on. From the accounts received in the department of the proceedings under it, there is reason to believe, as already stated in answering another part of your letter, that the revenue arising from this branch of internal duties will exceed the sum at which it has been estimated.

I have the honor to be,

Very respectfully,

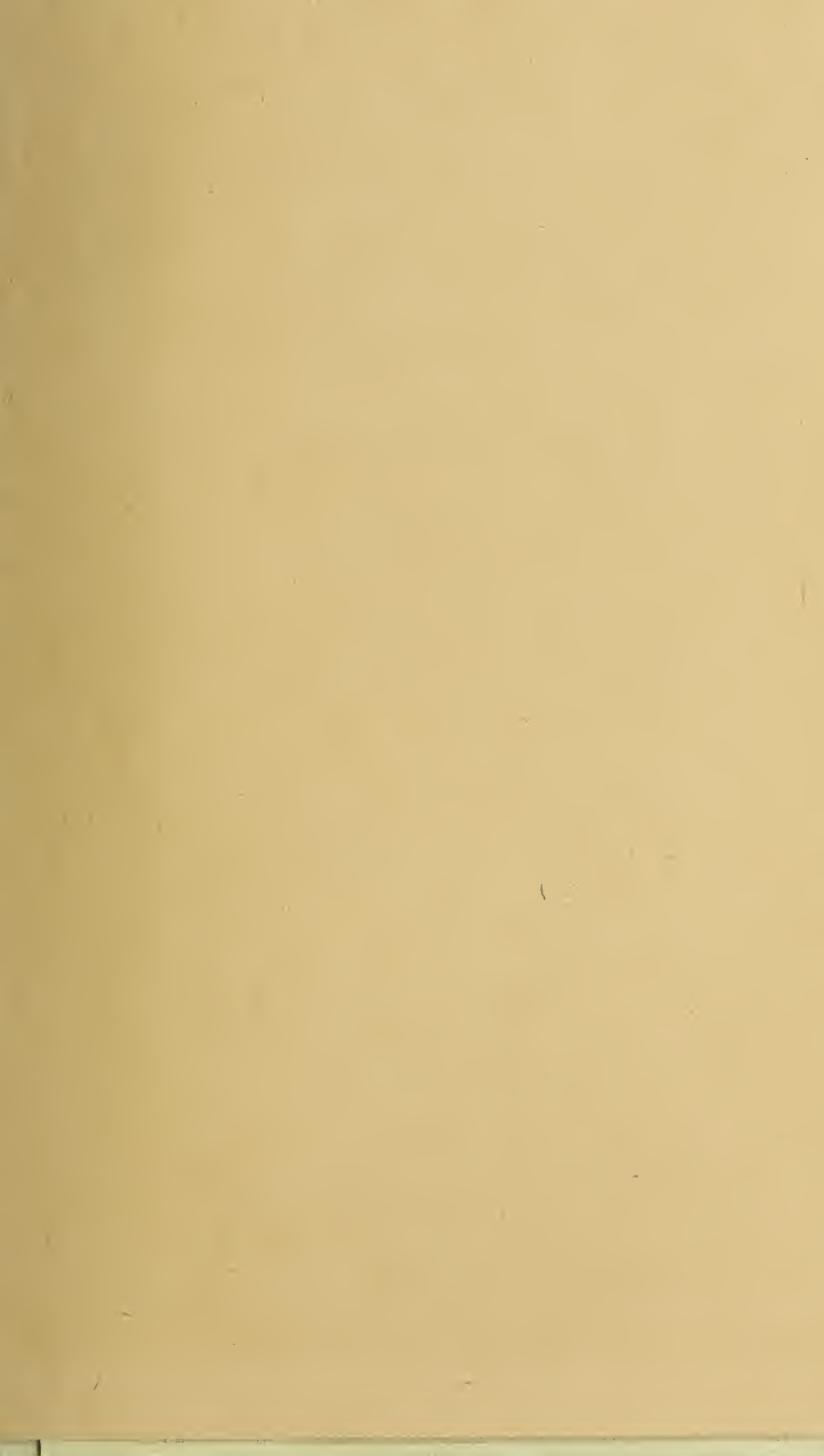
Sir,

Your obedient servant,

G. W. CAMPBELL

Hon. John W. Eppes,
Chairman of the Committee
of Ways and Means.





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